US$ 450 million from World Bank for implementation of its various transmission schemes.

Dabhol Power Project of Enron

1269. SHRI K. RAHMAN KHAN:
SHRI PREM CHAND GUPTA:
SHRI C.O. POULOSE:
SHRI J. CHITHARANJAN:
SHRI GAYA SINGH:
SHRI DIPANKAR MUKHERJEE:

Will the Minister of POWER be pleased to state:

(a) whether Central Government have any liability in Dabhol Power Project of Enron;

(b) if so, the details thereof;

(c) whether Maharashtra Government have requested the Central Government to takeover the project and convert it into a mega power project for distribution of power to States through National Grid; and

(d) if so, what are the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) and (b) The Power Purchage Agreement (PPA) for purchase of Electricity from the Dabhol Power Project of M/s. Dabhol Power Company (DPC) (a company promoted by Enron) has been signed between the Maharashtra State Electricity Board (MSEB) and DPC. Any payments due to DPC as per the PPA is to be made by MSEB. The Government of Maharashtra have given a guarantee to cover payments due from MSEB to DPC under the PPA. The Government of India (GOI) has also given a guarantee to DPC for making payments to DPC in respect of capacity and energy payments as well as payments upon termination, in respett of Phase-I of the Dabhol project (740 MW) if the MSEB as well as GOM as the primary guarantor fail to pay such due sums to the Company. The liability of Government of India is limited to Rs. 1500 crores (subject to suitable adjustments on account of inflation etc.) in a financial year towards payment of capacity and energy payment, and aggregate of all principal outstanding under the financial agreement (maximum commitment is limited to US$ 300 million, given by the shareholders in the company to subscribe for share to the Lenders under the Financing Agreements) as termination charges. Through a Tripartite Agreement signed between GOI,

GOM and Reserve Bank of India, GOI can recover from GOM any amount paid to DPC under the GOI guarantee.

(c) and (d) The Government of Maharashtra has requested the Central Government to help them by taking over the entire Dabhol Project either directly or through its public sector undertakings so that the power generated by the DPC is distributed to different States in the country including Maharashtra State, thereby meeting the need of those State which are facing shortage of power.

GOI had advised the State Government to convene a meeting with the officials of DPC to resolve the issue. GOM, vide their resolution dated 9.2.2001, have constituted an Energy Review Committee under the Charmanship of Dr. Madhav Godbole, Ex-Home Secretary, Government of India (GOI). The terms of reference of the Committee are as follows:—

(i) To review the position of overall demand and supply of electric power in the State, with special reference to the supply of power by projects of independent power producers and purchase thereof by the MSEB for which Power Purchase Agreements (PPA) have either been signed or are proposed.

(ii) To examine the cost of power supplied by the DPC and the distribution of power losses and its implications on the finances/tariff of MSEB.

(iii) To review and reconsider the provisions of the PPA signed with the DPC after holding discussions with the said Company, the MSEB and related authorities and to suggest appropriate measures to facilitate purchase of the power produced by the DPC by other agencies/parties (including Government of India or their agencies).

(iv) To suggest the broad future course of action for reforms in the energy sector in the State.

(v) Any other matter which the State Government may consider necessary to refer to the Committee in the above-mentioned context.

The report of the Committee will be submitted to the Government of Maharashtra. The question of taking any action by the Government of India would arise only after receipt of proposals from the GOM.